**Balance Sheet**

* **Phase 1**

| **(data in thousands of dollars)** | **2012** | **2013** | **2014** | **2015** |
| --- | --- | --- | --- | --- |
| Minimum Cash Requirement | $300 | $300 | $300 | $300 |
| Cash & Equivalents (Shortfall)\* | $0 | $0 | $0 | $0 |
| Accounts Receivable | $3,014 | $3,425 | $3,425 | $3,425 |
| Inventories | $2,305 | $2,896 | $2,896 | $2,896 |
| Other CA | $0 | $0 | $0 | $0 |
| **Total Current Assets** | **$5,619** | **$6,620** | **$6,620** | **$6,620** |
| Net PP&E | $40 | $40 | $40 | $40 |
| Other FA | $0 | $0 | $0 | $0 |
| **Total Assets** | **$5,659** | **$6,660** | **$6,660** | **$6,660** |
|  |  |  |  |  |
| Accounts Payable | $1,050 | $1,306 | $1,306 | $1,306 |
| Acrued Expenses | $0 | $0 | $0 | $0 |
| **Total Current Liabilities** | **$1,050** | **$1,306** | **$1,306** | **$1,306** |
| Amount Borrowed from Credit Line | $2,844 | $3,197 | $2,821 | $2,427 |
| **Total Liabilities** | **$3,894** | **$4,503** | **$4,127** | **$3,733** |
| Common Stock | $200 | $200 | $200 | $200 |
| Retained Earnings | $1,565 | $1,958 | $2,334 | $2,727 |
| **Total Stockholder's Equity** | **$1,765** | **$2,158** | **$2,534** | **$2,927** |
| **Total Liabilities & Equity** | **$5,659** | **$6,660** | **$6,660** | **$6,660** |

# Balance Sheet

* **Phase 2**

| **(data in thousands of dollars)** | **2015** | **2016** | **2017** | **2018** |
| --- | --- | --- | --- | --- |
| Minimum Cash Requirement | $300 | $300 | $300 | $300 |
| Cash & Equivalents (Shortfall)\* | $0 | $0 | $0 | $0 |
| Accounts Receivable | $3,425 | $3,776 | $3,976 | $4,113 |
| Inventories | $2,896 | $3,401 | $3,685 | $3,882 |
| Other CA | $0 | $0 | $0 | $0 |
| **Total Current Assets** | **$6,620** | **$7,478** | **$7,961** | **$8,296** |
| Net PP&E | $40 | $40 | $40 | $40 |
| Other FA | $0 | $0 | $0 | $0 |
| **Total Assets** | **$6,660** | **$7,518** | **$8,001** | **$8,336** |
|  |  |  |  |  |
| Accounts Payable | $1,306 | $1,472 | $1,598 | $1,685 |
| Acrued Expenses | $0 | $0 | $0 | $0 |
| **Total Current Liabilities** | **$1,306** | **$1,472** | **$1,598** | **$1,685** |
| Amount Borrowed from Credit Line | $2,427 | $2,462 | $2,108 | $1,585 |
| **Total Liabilities** | **$3,733** | **$3,934** | **$3,705** | **$3,270** |
| Common Stock | $200 | $200 | $200 | $200 |
| Retained Earnings | $2,727 | $3,383 | $4,095 | $4,865 |
| **Total Stockholder's Equity** | **$2,927** | **$3,583** | **$4,295** | **$5,065** |
| **Total Liabilities & Equity** | **$6,660** | **$7,518** | **$8,001** | **$8,336** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Balance Sheet Phase 3

| **data in thousands of dollars)** | **2018** | **2019** | **2020** | **2021** |
| --- | --- | --- | --- | --- |
| Minimum Cash Requirement | $300 | $300 | $300 | $300 |
| Cash & Equivalents (Shortfall)\* | $0 | $0 | $0 | $0 |
| Accounts Receivable | $4,113 | $4,188 | $4,306 | $4,306 |
| Inventories | $3,882 | $3,958 | $4,166 | $4,166 |
| Other CA | $0 | $0 | $0 | $0 |
| **Total Current Assets** | **$8,296** | **$8,446** | **$8,771** | **$8,771** |
| Net PP&E | $40 | $40 | $40 | $40 |
| Other FA | $0 | $0 | $0 | $0 |
| **Total Assets** | **$8,336** | **$8,486** | **$8,811** | **$8,811** |
|  |  |  |  |  |
| Accounts Payable | $1,685 | $400 | $469 | $469 |
| Acrued Expenses | $0 | $0 | $0 | $0 |
| **Total Current Liabilities** | **$1,685** | **$400** | **$469** | **$469** |
| Amount Borrowed from Credit Line | $1,585 | $1,995 | $1,208 | $128 |
| **Total Liabilities** | **$3,270** | **$2,395** | **$1,677** | **$597** |
| Common Stock | $200 | $200 | $200 | $200 |
| Retained Earnings | $4,865 | $5,892 | $6,934 | $8,014 |
| **Total Stockholder's Equity** | **$5,065** | **$6,092** | **$7,134** | **$8,214** |
| **Total Liabilities & Equity** | **$8,336** | **$8,486** | **$8,811** | **$8,811** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Income Statement Phase 1 | **$8,336** | **$8,486** | **$8,811** | **$8,811** |
|

| **(data in thousands of dollars)** | **2012** | **2013** | **2014** | **2015** |
| --- | --- | --- | --- | --- |
| **Sales** | **$10,000** | **$13,000** | **$13,000** | **$13,000** |
| Cost of Sales | $9,350 | $12,118 | $12,118 | $12,118 |
| **EBIT** | **$650** | **$882** | **$882** | **$882** |
| Interest Expense | $256 | $228 | $256 | $226 |
| **Pre-Tax Income** | **$394** | **$654** | **$626** | **$656** |
| Income Taxes | $157 | $262 | $251 | $263 |
| **Net Income**Income Statement Phase 2 | **$236** | **$393** | **$376** | **$394** |
| **(data in thousands of dollars)** | **2015** | **2016** | **2017** | **2018** |
| **Sales** | **$13,000** | **$14,950** | **$16,211** | **$17,087** |
| Cost of Sales | $12,118 | $13,662 | $14,827 | $15,635 |
| **EBIT** | **$882** | **$1,287** | **$1,384** | **$1,452** |
| Interest Expense | $226 | $194 | $197 | $169 |
| **Pre-Tax Income** | **$656** | **$1,093** | **$1,187** | **$1,283** |
| Income Taxes | $263 | $437 | $475 | $513 |
| **Net Income** | **$394** | **$656** | **$712** | **$770** |

Income Statement Phase 3 |  |  |  |  |
|

| **(data in thousands of dollars)** | **2018** | **2019** | **2020** | **2021** |
| --- | --- | --- | --- | --- |
| **Sales** | **$17,087** | **$17,600** | **$18,304** | **$18,304** |
| Cost of Sales | $15,635 | $15,762 | $16,407 | $16,407 |
| **EBIT** | **$1,452** | **$1,837** | **$1,897** | **$1,897** |
| Interest Expense | $169 | $127 | $160 | $97 |
| **Pre-Tax Income** | **$1,283** | **$1,710** | **$1,737** | **$1,800** |
| Income Taxes | $513 | $684 | $695 | $720 |
| **Net Income** | **$770** | **$1,026** | **$1,042** | **$1,080** |

 |  |  |  |  |

 |  |  |  |  |

# Cash Flow Phase 1

| **(data in thousands of dollars)** | **2012** | **2013** | **2014** | **2015** |
| --- | --- | --- | --- | --- |
| Net Income | $236 | $393 | $376 | $394 |
| Depreciation | $0 | $0 | $0 | $0 |
| Change in Account Receivable | $82 | -$411 | $0 | $0 |
| Change in Inventories | $43 | -$590 | $0 | $0 |
| Change in Other CA | $0 | $0 | $0 | $0 |
| Change in Account Payable | -$5 | $256 | $0 | $0 |
| Change in Accrued Expenses | $0 | $0 | $0 | $0 |
| **Cash Flow from Operations** | **356.35** | **-352.41** | **376.16** | **394.20** |
| CAPEX | $0 | $0 | $0 | $0 |
| **Cash Flow from Investments** | **$0** | **$0** | **$0** | **$0** |
| Change in Credit Line | -$356 | $353 | -$376 | -$394 |
| Equity Issuance | $0 | $0 | $0 | $0 |
| Dividends | $0 | $0 | $0 | $0 |
| **Cash Flow from Financing** | **-$356** | **$353** | **-$376** | **-$394** |
| **Net Cash Flow** | **$0** | **$0** | **$0** | **$0** |
| Beginning Excess Cash and Cash Equivalents | $0 | $0 | $0 | $0 |
| **Ending Cash and Equivalents** | **$0** | **$0** | **$0** | **$0** |

Cash Flow Phase 2

| **(data in thousands of dollars)** | **2015** | **2016** | **2017** | **2018** |
| --- | --- | --- | --- | --- |
| Net Income | $394 | $656 | $712 | $770 |
| Depreciation | $0 | $0 | $0 | $0 |
| Change in Account Receivable | $0 | -$352 | -$200 | -$137 |
| Change in Inventories | $0 | -$506 | -$284 | -$197 |
| Change in Other CA | $0 | $0 | $0 | $0 |
| Change in Account Payable | $0 | $166 | $125 | $87 |
| Change in Accrued Expenses | $0 | $0 | $0 | $0 |
| **Cash Flow from Operations** | **394.20** | **-34.42** | **354.76** | **522.78** |
| CAPEX | $0 | $0 | $0 | $0 |
| **Cash Flow from Investments** | **$0** | **$0** | **$0** | **$0** |
| Change in Credit Line | -$394 | $35 | -$354 | -$522 |
| Equity Issuance | $0 | $0 | $0 | $0 |
| Dividends | $0 | $0 | $0 | $0 |
| **Cash Flow from Financing** | **-$394** | **$35** | **-$354** | **-$522** |
| **Net Cash Flow** | **$0** | **$0** | **$0** | **$0** |
| Beginning Excess Cash and Cash Equivalents | $0 | $0 | $0 | $0 |
| **Ending Cash and Equivalents** | **$0** | **$0** | **$0** | **$0** |

Cash Flow Phase 3

| **(data in thousands of dollars)** | **2018** | **2019** | **2020** | **2021** |
| --- | --- | --- | --- | --- |
| Net Income | $770 | $1,026 | $1,042 | $1,080 |
| Depreciation | $0 | $0 | $0 | $0 |
| Change in Account Receivable | -$137 | -$75 | -$117 | $0 |
| Change in Inventories | -$197 | -$76 | -$208 | $0 |
| Change in Other CA | $0 | $0 | $0 | $0 |
| Change in Account Payable | $87 | -$1,285 | $69 | $0 |
| Change in Accrued Expenses | $0 | $0 | $0 | $0 |
| **Cash Flow from Operations** | **522.78** | **-409.45** | **787.28** | **1,080.62** |
| CAPEX | $0 | $0 | $0 | $0 |
| **Cash Flow from Investments** | **$0** | **$0** | **$0** | **$0** |
| Change in Credit Line | -$522 | $410 | -$787 | -$1,080 |
| Equity Issuance | $0 | $0 | $0 | $0 |
| Dividends | $0 | $0 | $0 | $0 |
| **Cash Flow from Financing** | **-$522** | **$410** | **-$787** | **-$1,080** |
| **Net Cash Flow** | **$0** | **$0** | **$0** | **$0** |
| Beginning Excess Cash and Cash Equivalents | $0 | $0 | $0 | $0 |
| **Ending Cash and Equivalents** | **$0** | **$0** | **$0** | **$0** |

# Phase 3: 2019 - 2021 Synopsis

You selected **Renegotiate Supplier Credit Terms**, and **Adopt a Global Expansion Strategy** and declined **Acquire a High-Risk Customer** . Below is a synopsis of how each opportunity affected your Working Capital and Cash Flow.



### Renegotiate Supplier Credit Terms

SNC's ability to renegotiate payment terms with Dynasty Enterprises resulted in a significantly lower accounts payable balance and improved margin.

Revenue'19'20'210

Opportunity EBIT'19'20'210200400

Opportunity Free Cash Flow'19'20'210-2K-1K1K



### Adopt a Global Expansion Strategy

Taking on Viva Familia as a new customer helped SNC grow its top line with a very modest increase in cash tied up in inventory.

Revenue'19'20'2105001K2K

Opportunity EBIT'19'20'21050100150

Opportunity Free Cash Flow'19'20'210-200200

# Phase 2: 2016 - 2018 Synopsis

You selected **Expand Online Presence**, and **Develop a Private-Label Product** and declined **Pursue Big-Box Distribution** . Below is a synopsis of how each opportunity affected your Working Capital and Cash Flow.



### Expand Online Presence

Expanding SNC's presence in online retail increased sales with little negative impact on working capital balances.

Revenue'16'17'1802K4K

Opportunity EBIT'16'17'180100200

Opportunity Free Cash Flow'16'17'180-200-100100



### Develop a Private-Label Product

Selling the private label product to Fountain of Youth Spas increased SNC's EBIT margin, only modestly resulting in increased accounts receivable and inventory balances.

Revenue'16'17'1801K2K

Opportunity EBIT'16'17'180250500

Opportunity Free Cash Flow'16'17'180-400-200200

# Phase 1: 2013 - 2015 Synopsis

You selected **Acquire a New Customer**, **Leverage Supplier Discount**, **Tighten Accounts Receivable**, and **Drop Poorly Selling Products**and declined **no opportunities**. Below is a synopsis of how each opportunity affected your Working Capital and Cash Flow.



### Acquire a New Customer

Taking on Atlantic Wellness as a new customer increased sales significantly but resulted in higher accounts receivable and inventory balances.

Revenue'13'14'1503K5K

Opportunity EBIT'13'14'150200400

Opportunity Free Cash Flow'13'14'150-2K-1K1K



### Leverage Supplier Discount

Selling its herbal nutraceutical line to Nutrilife enabled meaningful top-line growth. While this growth increased both the accounts receivable and inventory balances, the drain on cash flow was partially offset by increased EBIT due to the favorable contract negotiated with Ayurveda Naturals.

Revenue'13'14'1501K2K

Opportunity EBIT'13'14'150100200

Opportunity Free Cash Flow'13'14'150-1K-500500



### Tighten Accounts Receivable

Although sales declined as a result of SNC's decision to drop Super Sports Centers, the company's accounts receivable picture improved dramatically, freeing up cash.

Revenue'13'14'150-2K-1K

Opportunity EBIT'13'14'150-200-100

Opportunity Free Cash Flow'13'14'150-1K1K2K



### Drop Poorly Selling Products

Although reducing the number of SKUs that SNC carries in its product offering did have a negative impact on sales volume, the amount of cash tied up in inventory decreased significantly as a result of streamlining the SKU count

Revenue'13'14'150-1K-500

Opportunity EBIT'13'14'150-100-50

Opportunity Free Cash Flow'13'14'150-250250500